

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7231

BILL NUMBER: HB 1590

DATE PREPARED: Feb 12, 2001

BILL AMENDED: Feb 12, 2001

SUBJECT: Madison County Food and Beverage Tax.

FISCAL ANALYST: Chris Baker

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: (Amended) The bill removes the limitation on the use of the county food and beverage tax revenues for economic development projects in Anderson. The bill also changes the distribution of tax revenues.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Under current law, revenue from the food and beverage tax imposed in Madison County is distributed as follows: 40% to the city of Anderson for economic development; 40% to Madison County for the financing of the Madison County Youth Center; and the remaining 20% to the county for economic development in locations other than Anderson. This bill would allow this latter portion of revenue to be used for economic development projects in Anderson.

In addition, current law provides that after the fulfilment of any lease, bond, or loan payments associated with the Pendleton Juvenile Correctional Facility, revenue from the Madison County Food and Beverage Tax will then be distributed as follows: 70% to the city of Anderson for economic development. As amended, the remaining 30% goes to Madison County for economic development in locations proposed by political subdivisions within Madison County with jurisdiction either completely or partially outside of the city of Anderson. This proposal would also remove the restriction prohibiting money from the county's share to be used for economic development projects in Anderson. The bill, as amended, changes the percentage of tax revenues distributed, from 30% to 20%, devoted for projects in Madison County as proposed by political subdivisions within Madison County with jurisdiction either completely or partially outside of the city of Anderson, and 10% devoted to projects recommended by the Madison County Executive.

If the Madison County Visitor and Convention Commission elects to use money from previously restricted portions of food and beverage tax revenue for economic development projects in Anderson, less funding may be available for projects in other areas of the county.

Food and beverage taxes are imposed at the rate of 1% on the sale of food and beverages prepared for consumption at a certain location or on equipment provided by a retail merchant (this includes items sold on a “to go” basis). In FY 2000, the Madison County Food and Beverage Tax generated \$1,357,252.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Cities and towns in Madison County.

Information Sources: Auditor of State.